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December 21, 2005   Sent: Via e-mail and overnight courier

TO: ALL QUALIFIED BUSINESS PARTNERS

FROM: CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

SUBJECT: ADDENDUM NO. 5
             REQUEST FOR PROPOSAL NO. 2004-3494
             COMET – PENSION SYSTEM RESUMPTION PROJECT

Addendum Number 5 shall be incorporated into the Request for Proposal (RFP) documents. The following revisions have been made to the RFP:

Section	Revised Language
Schedule of Events	Revised to reflect dates through submission of Final Proposals and extend the timeframe for submittal of questions.
I.A.	Second paragraph is revised as follows: The Corporate Online Member Employer Transactions (COMET) - Pension System Resumption (PSR) Project (PSR Project) is using an alternative procurement employing a multi-step process. The PSR Project procurement strategy incorporates a deliverable-based payment structure with contract award based on the "best value" proposed solution. CalPERS issued an Invitation to Partner (ITP) and responses to the ITP were used to establish business partner relationships with QBPs who have significant experience and expertise in the pension business and technology areas. QBPs are now invited to submit proposals for the PSR Project. Ultimately, the QBP presenting the "best value" proposed solution will be selected. ~~The PSR Project Manager will prepare a recommendation for submission to the CalPERS Board for their review and approval. Award of a contract can only be made after approval of the CalPERS Board.~~

I.E.	Address information is revised to reflect move to new building and now reads as follows:
	
	      Contracts Administrator
	      California Public Employees' Retirement System
	      Lincoln Plaza West
	      400 Q Street, Room W1570
	      Sacramento, CA 95814
	      (916) 795-2001
	      psr_solicitation@calpers.ca.gov

Section	Revised Language
II.C.16	Revised to read as follows:
	QBPs that wish to continue participating in this solicitation process must certify their acceptance of the final CalPERS Contract Terms and Conditions (Exhibit II.4.B) and submit the Notice of Intent to Bid, Attachment II.1 by the date and time specified in the Schedule of Events.
II.C.25	Revised to read as follows:
	See Section IX.GF Contract Award.
II.D	First paragraph - Revised to read as follows:
	The contract will be executed on CalPERS Standard Agreement, Form STD. 213 and a copy of the CalPERS Contract Terms and Conditions is provided in Exhibit II.4.B CalPERS may modify the contract provisions or incorporate additional provisions, if it is in the best interests of CalPERS to do so, based on the needs of the PSR project. The QBPs will submit Exhibit II.4.C, Riders A through J containing revisions driven by their proposed solution in Volume IV as specified in Section VIII.E.
II.D.2.b	Revised to read as follows:
	b. Exhibit II.4.B will be revised to reflect Tthe final CalPERS Contract Terms and Conditions and will be issued by the date specified in the Schedule of Events. All QBPs must agree to sign the CalPERS Contract Terms and Conditions as a condition of biddingsubmitting a Final Proposal. QBPs will attest to this agreement by submitting the Notice of Intent to Bid, Attachment I.1, as specified in Section II.C.16.
II.D.2.c	Added new subparagraph as follows:
	c. Proposed changes to Exhibit II.4.C, Riders A through J, may be subject to final negotiations with the responsive and responsible QBP having the highest total score.

Section	Revised Language
V.A.	This section was revised as follows: This section addresses the administrative and technical requirements for the Corporate Online Member Employer Transactions (COMET) - Pension System Resumption (PSR) Project (PSR Project) Alternative Procurement Request for Proposal (RFP). A number of these requirements mandates that particular material or information (e.g., forms, charts, matrices, and plans) be included in the Qualified Business Partner's (QBP's) submittal; these requirements are numbered in each section as "Proposal Item XX." The Proposal Item requirements in the QBP's Final Proposal must be organized so that these items can be easily found by the California Public Employees' Retirement System (CalPERS) Evaluation Team (Evaluation Team). The QBP's Proposal may include (in the "Literature" volume) any appropriate exhibits necessary to illustrate responsiveness; all exhibits must be clearly labeled and cross-referenced to the QBP's Proposal narrative and Proposal Item number. It is the QBP's responsibility to ensure that the Evaluation Team is able to locate all response descriptions and exhibits for each requirement in this RFP by completing Attachment V.1, Administrative Requirements Response Matrix specifying the location of this information in Volume I.
V.B.7	Proposal Item 7 - was revised as follows: (iii) Resumes of all Team Lead level and higher (Key Persons) staff proposed must be included in response to as defined in Proposal Item 38; and (v) Affirmative statement indicating that the proposed subcontractor staff are not aligned with any other QBP for purposes of this procurement.
V.B.8	Proposal Item 9 – was revised as follows: (v) Signed sStatement from a certified public accounting firm on firm's letterhead indicating the QBP is in good standing and the length of time they have had a business relationship. **Note**: Any of the financial information identified by the QBP as confidential, shall be treated as such by CalPERS and returned upon request after the QBP's responsibility has been determined. See instructions in Section VIII Proposal Format for specific submission instructions.
V.B.11	Proposal Item 12 – was revised as follows: QBP's Proposal must indicate if any PSR Project activities are to be performed off-site or off-shore and, if so, which activities, how they will be managed and coordinated with the PSR Project Team at the CalPERS location, and how protection of CalPERS confidentiality information will be maintained. If off-site or off-shore activities are proposed, any project staff at the Team Lead level and higher must be onsite at CalPERS. If no work is proposed to be performed off-site or off-shore, "Not Applicable" should be entered in response to this Proposal Item.

Section	Revised Language
V.C.1	Project Management Plans – the second and third paragraphs were revised as follows: The baseline ~~Project Management~~Initiation Phase PMP ~~for the Initiation Phase (deliverable 1.3)~~ must be provided to the CalPERS PSR Project Manager within ten (10) State working days of project start date~~contract award~~. The full PMP for the remainder of the project must be provided to the CalPERS Project Manager within ten (10) State working days of acceptance of Milestone 1. The PMP will become binding on both parties when it is approved by CalPERS PSR Project Management. The QBP Project Manager will be responsible for management and execution of the PMP. ~~The full Project Management PMP for the remainder of the project will be developed within ten (10) State working days of acceptance of Milestone 1.~~ This is a fixed-price contract and the base assumption is that there are no change orders. Change orders will only be considered under the terms identified under Exhibit II.4 Rider I~~-6~~. Unanticipated Tasks or that are the result of Board mandates, or law or regulation changes.
V.C.1	Proposal Item 14 – was revised as follows: QBP's Proposal must contain a PMP developed according to IEEE Standard 1058 – 1998. The PMP should include any site/building ~~modification~~or space requirements for your proposed solution hardware. ~~Any site/building modification costs will be reflected in Cost Table VII.1A – Site/Building Modificaiton Costs. For the purposes of this RFP, several of the components of the PMP have been called out as separate proposal items.~~ QBP shall provide a detailed Project Management Methodology description to supplement the PMP. The PMP submitted for Proposal Item 14 may exclude the following artifacts as they are called out in other ~~p~~Proposal ~~i~~Items: • Staffing Plan; • Project Schedule; • Staff Training Plan; • Schedule Management Plan; • Reporting Plan; • Risk Management Plan; • Configuration Management Plan; • ~~Communication Plan;~~ • ~~Facility Modification Requirements~~ • Quality Assurance Plan; and, • Subcontractor Management Plan.
V.C.1	Proposal Item 16 – First paragraph was revised as follows: The QBP must provide a draft Project Schedule including Work Breakdown Structure using the ~~most recent~~ CalPERS approvedversion of Primavera IT Project Office or comparable tool. CalPERS will consider project management tools other than Primavera if the QBP can clearly demonstrate that the tool and supporting methodology are comparable to the Primavera toolset and meet CalPERS project management needs, and contains a method for addressing unanticipated tasks.

Section	Revised Language
V.C.1	Proposal Item 19 – was revised as follows: The QBP must provide a <u>Quality Assurance Plan and Methodology</u> covering all activities and tools to be used in providing a quality assurance review of all work products and activities during the project and including standards to be used and measured against which must be developed to the IEEE St<u>andar</u>d 730-2002 <u>or CalPERS approved standard</u>. The QBP must indicate the qualifications and certifications of the Quality Assurance staff member they are proposing, which must cross-reference with the QBP staffing in Proposal Items 35, 36, 37, 38, and 39.
V.C.1	Proposal Item 20 – First paragraph was revised as follows: ~~The QBP must provide a PSR Project Contingency Plan covering those actions that must be taken in the event the QBP is unable to meet the implementation schedule, or a risk becomes an issue, irrespective of reason. The objective of the Contingency Plan is also to establish a documented fallback plan for system operation in the event of any of the following conditions:~~<u>The QBP must provide a PSR Project Risk Contingency Plan. This Plan would identify the courses of action to be taken by the QBP for any realization of risk that is found to be unacceptable due to impact on costs, schedule, quality or scope of the project. The objective of the Risk Contingency Plan is to establish a documented set of planned alternatives for major concerns for a project of this size and scope. The Plan should address, but not be limited to, the following conditions:</u>
V.C.1	Proposal Item 21 – Revised as follows: The QBP must provide a detailed <u>Software Version Control and Configuration Management Plan</u> utilizing their proposed System Development Life Cycle Methodology and tools<u>. Plan must be developed to the IEEE Standard 828-2005 or CalPERS approved standard.</u>
V.C.1	Proposal Item 22 – Revised as follows: The QBP's Proposal must contain a detailed description of the proposed format and tools which would be used to deliver a completed Requirements Traceability Matrix and Gap Analysis as specified in Section II, Rider I~~, Subtasks 1.7 and 1.8~~.
V.C.1	Proposal Item 23 – Replaced in its entirety and now reads as follows: <u>The QBP must provide an outline for the PSR Project and a sample from a previous project of the following:</u> • <u>Concept of Operations;</u> • <u>General System Design Specifications;</u> • <u>Detail System Design Specifications; and,</u> • <u>General System Requirements Specification.</u>

Section	Revised Language
V.C.1	Proposal Item 24 – Revised as follows: The QBP must provide a <u>Transition Plan</u> for how the new <u>PSR</u> solution will be rolled out to CalPERS business users, stakeholders, and external users. ~~(e.g., parallel running, phased implementation by department, business unit, system cut-over procedures, etc.).~~ <u>For those affected by the PSR Project,</u> ~~T~~this transition must include how the ~~business~~ process<u>es will be impacted by the Solution</u>~~re-engineering will take place for each business component~~, how the new methods of doing business will be conveyed to the end-user community, and steps that will be taken to assess the CalPERS "workplace readiness" prior to the new <u>PSR</u> solution going into production. ~~The decision to "go live" will be made when the deliverables required to be completed prior to the "go live" date are approved by CalPERS and the PSR Project Team believes 1) the training has been completed and is sufficient for the groups to move to the new system and 2) approval has been received from the PSR Project Steering Committee.~~
V.C.2	First paragraph was revised as follows: The QBP Project Manager must track project events and assess progress relative to the project's goals and schedule using the CalPERS automated tool (<u>CalPERS approved version of</u> Primavera IT Project Office ~~4.1 or the most recent version~~) or other CalPERS approved tool the QBP deems necessary to support producing management reports. The QBP must continually assess the degree of completion and level of effort or resources expended for all tasks, work items, events, and milestones identified in the Project Schedule.
V.C.2	Proposal Item 25 – Third paragraph revised as follows: QBP staff along with CalPERS staff will assist in tracking progress on resolving the risks and issues and advising CalPERS if a delay in resolution will impact the project schedule. The QBP Project Manager will present the status of all outstanding risks and issues rated "high" or "medium" at the Weekly Status Meetings. Those risks or issues resolved since the last meeting will be reviewed and resolution presented. If the resolution is not satisfactory or agreement cannot be reached, the PSR Project Manager will invoke the escalation process and project governance for a final decision. New risks or issues identified will be assigned a number and logged into CalPERS Risk and Issue Database. CalPERS PSR Project Manager or designee and QBP Project Manager will review the background material developed by the originator of the risk or issue, prioritize, and assign the resolution and research assignment to the appropriate team member. <u>QBP will also report earned value based on baseline Project Schedule.</u>
V.C.3	First paragraph revised as follows: CalPERS prefers the Train the Trainer approach for the PSR project, however, CalPERS would like the QBP to propose cost to perform both methods: 1) Train the Trainer, and 2) the QBP staff conducting all training. ~~After full implementation, the CalPERS Training Team will conduct training for all user groups, and new employees as appropriate but staff may not be available so we must plan for both methods.~~ Initially, the PSR Project Team will require development level and technical training. Train the Trainer approach will be implemented as the new solution is rolled out to the end users and stakeholders.

Section	Revised Language
V.C.3	Third paragraph revised as follows: The QBP must specify the prerequisite skills ~~and background experience CalPERS personnel must have in order to attend training~~ and ~~an orderly~~ the progression of training to address all areas of the proposed system as part of the overall Training Plan.
V.C.3	Fourth paragraph revised as follows: CalPERS will provide a training facility in Sacramento for PSR system training. Any training identified by the QBP (such as specialized technical training) which is not proposed to be conducted at the CalPERS Sacramento training facility must include, as part of the cost for training, all travel and State per diem associated with travel to the training site for all CalPERS staff attending (refer to the PSR Reference Library for State per diem rates).
V.C.3	Final paragraph revised as follows: A document that provides detailed information on the number of estimated staff that will require training is located in the PSR Reference Library. ~~Estimated total numbers are:~~

~~End User Trainers~~	~~67~~
~~Technical Trainers~~	~~13~~
~~End User Staff~~	~~831~~
~~Employers~~	~~3,400~~
~~Employer Staff~~	~~10,500~~
~~Technical Staff~~	~~306~~

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| V.C.3 | Proposal Item 29 – Revised as follows:

QBP's Proposal must contain a methodology for assessing training effectiveness. The QBP must deliver a Final Report on Training Effectiveness ~~which~~ that provides a comprehensive discussion of the method to assess the initial training effectiveness~~, which CalPERS will be able to use to assist its trainers performing training in the various locations~~. This report must also contain a detailed plan of recommended additional training required to address the identified training shortfalls. QBP shall provide one instance of retraining per class per student where training was rated by CalPERS as ineffective. The CalPERS PSR Project Manager or designee must approve the QBP's proposed method of assessing the effectiveness of the initial training. |

Section	Revised Language
V.C.3	Proposal Item 30 – Revised as follows: The QBP must ~~include a statement agreeing to provide support to the CalPERS Training Team by accompanying them on their initial training sessions in the field for the purpose of providing input and constructive suggestions to make future training more effective, efficient, and meaningful to the end-users. The QBP must also provide a statement agreeing to assist CalPERS trainers in customizing the QBP-provided training material as needed~~ <u>describe how support is provided to CalPERS Trainers, how training materials are developed and updated, and the period for which training support will be provided</u>.
V.C.3	Proposal Item 31 – Revised as follows: The QBP's Proposal must contain a sample Data Conversion Plan from a project of similar size, scope, and complexity, as well as a draft of the <u>PSR Data Conversion Plan (DCP)</u> ~~describing the sequence of steps in data conversion~~. Refer to Table III.4 Transaction and Data Volumes. The QBP's plan must include the extent of data clean-up of existing CalPERS data in the legacy systems as well as a recommendation of how much detail data to convert<u>, and a</u>. ~~This should include the QBP~~ conversion strategy of "cut-over"<u> or</u> "phased"~~, or "parallel processing"~~. Staffing and resources must reflect the strategy employed. QBP will be responsible for the total data conversion and CalPERS will validate the converted data. The detailed DCP must be ~~submitted, finalized, and~~ approved by CalPERS ninety (90) days prior to the commencement of conversion activities. A test data conversion must be performed and all data validated ~~and accepted~~ and approved by CalPERS prior to the full conversion occurring.
V.D.	Paragraph 2 – Revised as follows: 2. PSR Project Office staff to <u>establish, monitor, and control the policies and processes related to program and project management</u> ~~perform and assist with planning,~~ <u>The PSR Project Office will coordinate with the QBP for planning and executing,</u> schedule/resource/budget<u> and earned value</u> reviews, contract administration, status reporting, quality assurance, <u>risk and issue management,</u> document control, and configuration management.

Section	Revised Language
V.D.	Paragraph 3 – Revised as follows: 3. An Independent Project Oversight <u>Consultant</u> ~~Contractor~~ (IPOC) will be retained to support the CalPERS PSR Project Manager in terms of monitoring CalPERS and the QBP's performance, responsibilities, and deliverables. The IPOC ~~Contractor~~ may perform the following activities on behalf of CalPERS. (a) Independent verification and validation of deliverables including verifying test results, staffing, selected QBP activity in accordance with the Proposal and plan, and schedule and progress report accuracy; (b) Validate certifications by selected QBP, validation of cost results, and validation of claims submitted to the PSR Project; (c) Support Risk and Issue management including facilitating timely issue resolution; and, (d) Validat<u>e</u>~~ing~~ requirements traceability.
V.E.1	Paragraph 2 – Revised as follows: Once committed to the project, all proposed staff are expected to remain for the duration of the project in that role. The staffing chart must match the Cost Table VII.~~4~~<u>3</u>.
V.E.1	Proposal Item 36 – Revised as follows: All QBPs must complete and return Attachment V.7, QBP Staffing Plan Reference Form. Attachment V.7 must ~~list~~ <u>be completed for</u> all proposed QBP resources assigned to this project at the Team Lead level and higher. ~~The resources must be grouped according to categories (executive, functional, technical, programmers, etc.), and separated into: 1) One-time Implementation and Deployment, 2) Ongoing Maintenance and Support; and, 3) Future Staffing for unanticipated tasks.~~

Section	Revised Language
V.E.1	Proposal Item 38 – Revised as follows:
	For roles below the level of Team Lead, the QBP must provide a list of skills and experience required. QBPs must provide complete resumes for all individuals at the Team Lead level and higher that have been proposed for this project. Resumes, at a minimum, must include the following: individual educational achievements (institution name, degree and certification, and year graduated) employment experience for the past five (5) years indicating the organization, title (and role), job duties, and months and years of employment. For projects within the past five years, resumes submitted must include a name and telephone number of a personal reference contact for the project. ~~For roles below the level of Team Lead level, provide a list of skills and experience levels for the staff that will be assigned at that level.~~
	After Final Proposal submission, CalPERS must be assured that the QBP selected has all of the resources required to perform successfully under the contract. This includes, but is not limited to, personnel in the numbers and with the skills proposed, equipment of appropriate type and in sufficient quantity, and experience in similar endeavors. Those individuals proposed in project roles that have had their resumes submitted in the Proposal must be available; the QBP may not place other staff in these roles after contract award without permission of CalPERS. ~~These QBP staff members will have their references validated.~~
V.E.1	Proposal Item 39 – Note revised as follows:
	Note: QBPs should be aware that during the Final Proposal Evaluation, QBP proposed management and ~~Key Person~~ Team Lead and higher references may ~~will~~ be validated. CalPERS strongly urges the QBP to bring their proposed project management staff to attend the confidential discussions.
V.E.2	Proposal Item 40 – Revised as follows:
	QBPs must complete and return Attachment V.10, for CalPERS Full-Time Equivalent Personnel indicating their expectations for CalPERS staff to be allocated to the project, indicating the specific skill sets required, number of years of experience with the specific skill and when they will be needed. The skills and duties must be specific to each role. CalPERS will review the QBP's expectations for staffing and skills and then determine what they will be able to provide in an addendum to the RFP. The QBP can then modify their staffing plan accordingly.

Section	Revised Language
V.F.2	Revised as follows:
	2. The QBP Project Manager will meet with CalPERS PSR Project Manager or designee and other appropriate resources to review an outline of a Deliverable Expectations Document (DED) for each project deliverable in advance of its preparation. This process should properly establish expectations on all sides regarding the content of, and identify acceptance criteria for the deliverables and facilitate the review process. If the QBP has its own form for a DED, they can submit it for consideration by CalPERS. ~~All project documentation maintained by CalPERS will be housed within Serena Dimensions for version management and document control.~~ <u>Contractor shall manage all project management documentation in an automated tool acceptable to CalPERS.</u>
V.F.3	Revised as follows:
	3. The QBP must agree to present the Project Schedule in <u>the CalPERS approved version of</u> Primavera IT Project Office ~~4.1 or the most recent version~~ (formerly known as TeamPlay) or a comparable scheduling tool accepted by CalPERS and use this product for the lifetime of the project.
V.G.	Paragraph 2 – Revised as follows:
	QBPs must respond to each of the Technical Requirements using Attachment V.1<u>2</u>~~1~~.
V.G.1	Technical Requirement T-31 was revised to read as follows:
	The proposed solution must <u>integrate with CalPERS current telephony systems for</u> ~~provide~~ telephony service processing functionality.
V.G.1	Technical Requirement T-47 was revised to read as follows:
	Ninety <u>five</u> percent (9<u>5</u>~~0~~%) of ~~all~~ end-user <u>online display screen and record update</u> response times~~, regardless of function being performed,~~ shall not exceed ~~two (2)~~ <u>three (3)</u> seconds and none shall exceed ~~thirty (30)~~ <u>ten (10)</u> seconds.
V.G.4	Technical Requirement T-133 was revised to read as follows:
	The proposed solution ~~database~~ must make use of standard security related technology such as Public Key Infrastructure (PKI), Lightweight Directory Access Protocol (LDAP), X.509 Certificates.
V.H.1	Proposal Item 44 was revised to read as follows:
	Describe <u>how</u> the proposed solution~~'s ability to~~ <u>will</u> perform several actions such as:
	(i) End-user multi-tasking;
	(ii) ~~Ability to handle~~ <u>Handle</u> multiple data intensive applications; and,
	(iii) ~~Ability to view~~ <u>View</u> multiple analyses or processes simultaneously in the same work area.

Section	Revised Language
V.H.1	Proposal Item 45 was revised to read as follows:
	Describe how the proposed solution addresses the problem of complex processes that requires the participation of multiple databases and character sets. Include details on how the proposed solution uses the ability to array and track historical updates to data elements.
V.H.3	Proposal Item 51 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ will coordinate commit and rollback transactions, either on a single instance or on multiple instances.
V.H.3	Proposal Item 52 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ will synchronize and replicate data to local and remote locations for purposes that could include report generation, disaster recovery, and federated data management.
V.H.3	Proposal Item 55 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ provides logical and physical data modeling capabilities, including graphically depicting data on an Entity-Relationship Diagram, reporting capabilities of entities, and attributes.
V.H.4	Proposal Item 58 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ manages and publishes documents so that document history of revisions and publication can be traced.
V.H.4	Proposal Item 59 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ limits document access ~~to documents~~ to those authorized to view the information.
V.H.5	Revised to read as follows:
	The Web Services Proposal Items are used to describe how the proposed solution~~'s ability to~~ presents and manages information using web services.
V.H.5	Proposal Item 60 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ will be deployed in private Intranet and public Internet environments.
V.H.5	Proposal Item 62 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ supports automatic upgrades to new versions.
V.H.5	Proposal Item 64 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ leverages portal technology. Include a description of the types of ~~portals~~portlets your proposed solution~~application supports~~ will use, the portal application server being proposed and the standard which will be adhered to.
V.H.6	Proposal Item 67 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ mediates traffic between a protected network and the Internet.

Section	Revised Language
V.H.6	Proposal Item 68 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ establishes, maintains, and terminates connections across a communication network.
V.H.7	Proposal Item 71 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ conforms to Secure Sockets Layer and IPsec protocols.
V.H.7	Proposal Item 72 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ uses encryption and authentication technologies.
V.H.8	Proposal Item 73 was revised to read as follows:
	Describe how the proposed ~~solution's ability to~~ processes the changing of business rules.
V.H.8	Proposal Item 74 was revised to read as follows:
	Describe how the proposed ~~solution's ability to~~ provides a common repository for development objects, design documents, source code, test plans, and data.
V.H.8	Proposal Item 75 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ publishes documents, including online, application development, and content-related documentation.
V.H.8	Proposal Item 76 was revised to read as follows:
	Describe the proposed solution's testing tools. These should allow for the creation, load and maintenance of test data, manipulation of test dates, creation of test scripts, and ~~the ability to track all the~~ tracking of test activities.
V.H.8	Proposal Item 77 was revised to read as follows:
	Describe how the proposed solution~~'s capabilities to~~ generates forms and reports at runtime.
V.H.8	Proposal Item 78 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ generates DDL scripts to new or altered database objects
V.H.8	Proposal Item 81 was revised to read as follows:
	Describe the proposed solution's internal version control hooks, check-in and check-out capabilities, and how this ~~the ability to~~ plugs into external controls to allow team development.
V.H.8	Proposal Item 82 was revised to read as follows:
	Describe how the ~~software's ability to~~ proposed solution publishes information to applications that have subscribed to be notified of an event such as employee termination.

Section	Revised Language
V.H.9	Proposal Item 87 was revised to read as follows:
	Describe how the proposed ~~solution's capabilities for~~ uses inbound and outbound asynchronous interfaces, ~~using a~~ through message-oriented middleware.
V.H.9	Proposal Item 88 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ sends and receives asynchronous communications. Include examples of inbound and outbound messaging in relation to e-mail, EDI, HTML, and XML.
V.H.9	Proposal Item 89 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ integrates with legacy systems and how the proposed solution ~~to~~ transfers data from existing systems into the new solution.
V.H.9	Proposal Item 90 was revised to read as follows:
	Describe how the proposed solution~~'s ability to apply~~ applies the same edits and validation ~~levels~~rules to batch and interface transactions as it would to online transactions.
V.H.10	Proposal Item 95 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ validates software versions to ensure proper operation and functionality in the product environment.
V.H.11	Revised to read as follows:
	The System Management Proposal Items are used to describe how the proposed solution~~'s ability to~~ manages and monitors the application and infrastructure.
V.H.11	Proposal Item 98 was revised to read as follows:
	Describe the proposed solution's monitoring capabilities. Include details on what is monitored, alert thresholds, and the notification process. Describe the software's integration with monitoring tools. Also describe how the proposed solution~~'s ability to~~ can view user sessions and assist with processing a transaction or a report request.
V.H.11	Proposal Item 99 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ provides performance analysis. Include all available metrics, such as tracking of CPU utilization, response time, disk space, system warnings, and errors. Describe how this can be related to application and database performance.
V.H.11	Proposal Item 101 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ coordinates transactions either on a single machine or on multiple machines within the network (i.e., approach to load balancing, failover, and commit logic). Describe how the proposed solution backs out transactions~~any transaction back-out capabilities~~.
V.H.11	Proposal Item 105 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ makes configuration changes without requiring a reboot or restart.

Section	Revised Language
V.H.11	Proposal Item 106 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ performs mass storage management, backup, and recovery functions.
V.H.11	Proposal Item 107 was revised to read as follows:
	Describe the proposed solution's approach to, and model for, sizing the server platform(s), network (required bandwidth), and database. Include a list of all assumptions that are inherent to the sizing model. Also describe how this approach supports ~~the ability to perform~~ benchmarking and future scalability.
V.H.11	Proposal Item 111 was revised to read as follows:
	Describe how the proposed solution~~'s ability to~~ interfaces with the current help desk services software.
VII.A	Second sentence was revised to read as follows:
	Qualified Business Partners (QBPs) must **itemize all costs, excluding taxes,** associated with their Final Proposal for the Corporate Online Member Employer Transactions (COMET) - Pension System Resumption (PSR) Project (PSR Project). The costs must include all proposed hardware and software items, and services.
VII.A	Third sentence was revised to read as follows:
	If the QBP fails to itemize a cost in its final proposed solution, the QBP shall bear that cost. If ~~the California Public Employees' Retirement System (~~CalPERS~~)~~ incurs any additional costs related to the use and operation of the system as proposed by the QBP and for the population, volumes, and growth factors detailed in this Request for Proposal (RFP), the QBP shall be liable for those additional use and operations-related costs for a period of up to **two** years after completion of implementation (when the full system has been in production and accepted by CalPERS). In essence, CalPERS is expecting and will rely on the QBP's proposed costs to be reasonable and complete for the QBP's proposed solution.

Section	Revised Language
VII.B	This section was revised as follows: Payment terms for development will be based on the eleven (11) Major Milestones identified below. These must be traceable to the Statement of Work (SOW) in Rider I. The Major Milestone payments must be taken into consideration when putting the Cost Tables together and must identify the appropriate deliverable. Payment terms for systems support and ongoing operations support (maintenance) are described in Rider F~~ – Maintenance~~. The Development Payment Milestone Schedule and information on invoicing are described in Rider A. ~~Phases 1, 2, 3, and 4 as described under Payment Terms must be completed and approved by CalPERS prior to beginning the Phase 6 – Data Conversion activities.~~Phases 1, 2, 3, and 4 as seen in the Payment Milestone Flow Chart that follows must be completed and approved by CalPERS prior to implementation (Phases 5, 7, 8, 9 and 10 are completed for each of the business components and Phase 6 Data Conversion). ~~Payment Phases 5, 7, 8, 9, and 10 are completed for each of the business components. There is an "off-ramp" at the end of Phases 1,4, and after implementation of Contracts, Enrollment, and Contribution Reporting Business Components. The following diagram depicts the activity flow or sequence relative to the Payment Milestones and "off-ramps" during development.~~ For Phases 5 through 10, there is no implied order of implementation. There is an off-ramp at the end of Phases 1, 4 and after implementation of Contracts, Enrollment, and Contribution Reporting Business Components.
VII.B	All tables in this section after the Payment Milestone Flow Chart were replaced in their entirety to reflect revisions to Rider I.
VII.B	Payment of the Holdback information was removed and placed in Rider A.
VII.C	Section VII.C was replaced in its entirety and reads as follows: QBPs should be aware that, prior to development of a deliverable, CalPERS expects the QBP Project Manager to meet with the CalPERS PSR Project Manager and discuss the table of contents as appropriate for each deliverable (Deliverable Expectation Document – DED) to ensure there are no misunderstandings when it comes to CalPERS acceptance. Detailed acceptance criteria will be developed based on the type of deliverable being reviewed in accordance with the Institute of Electrical and Electronics Engineers (IEEE) standard or CalPERS approved standard for that deliverable. Criteria for System Acceptance are discussed in Rider D.

Section	Revised Language
VII.D.1.b	Revised as follows: Ongoing costs are those costs paid by CalPERS for the ~~COMET~~ PSR Project (including associated support functions) to the QBP on an ongoing annual basis after implementation and the system is accepted by CalPERS. **Include costs of upgrading the CalPERS existing systems to the latest version and employee self-service functionality that is not considered out-of-the-box.** CalPERS prefer that any discounts offered be reflected in the annual rates. In addition, for evaluation purposes, ongoing costs include any cost adjustments that are applied on an annual basis (e.g., price escalations and equipment failure costs). • Hardware/Equipment Maintenance; • Software Maintenance (including software licensing costs); • System Support and Operations Costs; and, • ~~CalPERS Data Center (CDC) Service Costs; and~~ • CalPERS Staffing for Ongoing Operations and Support Costs.
VII.D.3.	Revised as follows: QBPs must note that the numbers of QBP staff and classifications on the staffing matrices in Section V.E must match the numbers and classifications of those on the cost tables contained in this Section. ~~If they do not match, CalPERS will use the higher numbers as the correct figures and adjust the QBP's cost accordingly.~~
VII.F.	This section was revised in its entirety.
VIII.C	Section VIII.C was replaced in its entirety to: • Increase the number of copies requested and provide additional labeling requirements; • Revise submission instructions to reflect the move of CalPERS mailroom services into the new headquarters building; • Specify submission instructions for financial data requested in Proposal Item 9; and, • Reformatted for clarity.
VIII.D	Section VIII.D was replaced in its entirety.
VIII.E	Section VIII.E, Section 2: Executive Summary – Subparagraph c was revised as follows: (c) A summary discussion and diagram(s), if appropriate, of the proposed solution, documentation of QBP's assumptions, and a description showing that the solution meets all aspects of the requirements;
VIII.E	Section VIII.E, Section 3: Response to Administrative and Technical Requirements (Section V) was revised in its entirety to reflect the submission on information in the order stated in the RFP and correct a formatting error.
VIII.E	Section VIII.E, Volume II - Literature submission information was replaced in its entirety for clarification.

Section	Revised Language
VIII.E	Section VIII.E, Volume IV – Cost Data submission information was replaced in its entirety for clarification.
IX.E.2.	Administrative Requirements Review (Maximum score = 1750) – This header was replaced in its entirety and reads as follows: Administrative Requirements Review (Maximum score = 3750)
Attachment II.1	Replaced in its entirety to reflect clarifications made in Section II.
Attachment V.4	Replaced in its entirety - CalPERS updated Disabled Veteran Business Enterprise Contract Participation package.
Attachment V.6	This document was replaced in its entirety to provide clarification as stated in the response to questions released by CalPERS on December 14, 2005.
Attachment V.9	This document was replaced in its entirety to provide clarification as stated in the response to questions released by CalPERS on December 14, 2005.
Attachment V.10	This document was replaced in its entirety to provide clarification as stated in the response to questions released by CalPERS on December 14, 2005.
Attachment V.11	Revised attachment - QBPs will use this form to provide a response to Technical Proposal Items.
Attachment V.12	New attachment added for QBPs to use when providing responses to Technical Requirements.
Cost Tables	Cost Tables VII.1 through VII.14 were replaced in their entirety.
Exhibit II.4.A	Exhibit II.4.A was revised to reflect new address for CalPERS.
Exhibit II.4.B	Exhibit II.4.B was replaced in its entirety to: • Move solution-specific provisions (i.e., Indemnification, Performance Bonds, and Limitation of Liability) to Rider A; • Add Project Start Date provision; • Correct spelling errors; and, • Correct minor formatting inconsistencies.
Exhibit II.B.C	Riders A through J were replaced in their entirety. Note: QBPs will submit revisions to these Riders driven by their proposed solution and CalPERS will negotiate final Riders with the responsive and responsible QBP having the highest total score.
Exhibit VI.1	Business Requirement B-62 – the key information related to this requirement was revised as follows: Submission by various media such as electronic file, or web, Interactive Voice Response (IVR), or paper. Depends on the employers payroll frequency.

Section	Revised Language
Exhibit VI.1	Business Requirement B-313 – the key information related to this requirement was revised as follows:
	Meetings such as informational seminars and workshops including training for employers. Examples of methods include phone (via customer representative) and self-enrollment (via ~~IVR and~~ the web).
Exhibit VI.2	Key Business Rules – Revised to show that the following business rules are applicable only to the Health program:
	BR-53 BR-98 — BR-101 BR-115 — BR-162 — BR-176 BR-179 — BR-250 — BR-251 BR-252
Exhibit VI.2	Key Business Rules – BR-257 revised as follows:
	Calculate full time equivalent using the participants earnings ~~times~~ divided by the percent of full time reported.
Exhibit IX.1	Preliminary Review Sheet – Replaced in its entirety to reflect update to CalPERS form and revisions to Section VIII.

The enclosed CD-ROM incorporates language changes made in previous Addenda and reflects revisions to the RFP language as listed above. We appreciate your interest in our Project and look forward to your continued participation in the procurement process.

Sincerely,

Original Signed By Charles Kale for:

Charleen Maxwell
Contracts Administrator
Contracts Management Section

Enclosure: CD-ROM